

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 038202

61

ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-01

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01

(ISO) R

DRAFTED BY EB/OT/STA:ECONSTABLE:CLJ/JH

APPROVED BY EB/ITP:MWGLITMAN

EUR/RPE:JMCCARTHY

EB/OT/STA:BBISHOP

TREAS:RSELF(INFO)

----- 122944

R 201704Z PEB 75

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

INFO AMEMBASSY BRUSSELS

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY THE HAGUE

USMISSION GENEVA

AMEMBASSY LUXEMBOURG

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE STATE 038202

E.O. 11652:N/A

TAGS:ETRD, EC

SUBJECT:COUNTERVAILING DUTIES -- FLOAT GLASS, STEEL

1. ON FEBRUARY 18 BRITISH EMBASSY COUNSELOR FOR COMMERCIAL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 038202

AFFAIRS THOMAS SHARP AND FIRST SECRETARY JENKIN THOMAS
CALLED ON DEPUTY ASSISTANT SECRETARY GLITMAN TO DELIVER
FOLLOWING AIDE-MEMOIRE:

2. BEGIN TEXT:

HER BRITANNIC MAJESTY'S GOVERNMENT WISH TO DRAW THE ATTEN-
TION OF THE DEPARTMENT OF STATE TO THE COUNTERVAILING
INVESTIGATIONS OF THE BRITISH FLOAT GLASS AND STEEL INDUS-
TRIES INITIATED BY THE UNITED STATES TREASURY AS FROM 4
JANUARY, 1975.

HER MAJESTY'S GOVERNMENT REALISE THAT THE UNITED STATES'
COUNTERVAILING LAW, AS AMENDED BY THE TRADE ACT 1974,
REQUIRED THE INITIATION OF THESE INVESTIGATIONS, NOTWITH-
STANDING THE FACT THAT THE AMENDED LAW DID NOT BRING THE
U.S. INTO STEP WITH OTHER MEMBERS OF THE GATT. ALTHOUGH
HER MAJESTY'S GOVERNMENT ARE COOPERATING WITH THE UNITED
STATES CUSTOMS IN THEIR FACT GATHERING EXERCISES IN THE

FLOAT GLASS AND STEEL CASES, THEY WISH TO MAKE IT CLEAR
THAT THIS COOPERATION SHOULD NOT BE TAKEN TO MEAN THAT
HMG EITHER ACCEPT THE ARGUMENTS PUT FORWARD IN THE FLOAT
GLASS AND STEEL COMPLAINTS, OR THAT THEIR LONG-STANDING
OBJECTION TO THE PROVISIONS OF THE U.S. COUNTERVAILING
LAW UNDER WHICH THEY ARE BEING INVESTIGATED, HAS BEEN
REDUCED.

HER MAJESTY'S GOVERNMENT ARE EXTREMELY CONCERNED AT THE
COMPLAINTS AGAINST THE FINANCIAL ASSISTANCE AVAILABLE TO
INDUSTRY UNDER BRITISH REGIONAL DEVELOPMENT PROGRAMMES.
HER MAJESTY'S GOVERNMENT CONSIDER STRONGLY THAT THEIR
REGIONAL ASSISTANCE IS NOT A MEASURE FOR PROMOTING EXPORTS
AND SHOULD NOT BE COUNTERVAILED. THE PURPOSE OF BRITISH
REGIONAL POLICY IS TO IMPROVE THE BALANCE OF ECONOMIC
ACTIVITY IN THE UNITED KINGDOM BY OFFSETTING TO
SOME EXTENT THE NEGATIVE FACTORS WHICH DISCOURAGE
INDUSTRY FROM MOVING TO AND EXPANDING IN LESS PROSPEROUS
REGIONS. THE DEPARTMENT OF STATE WILL BE AWARE THAT
TRADITIONAL INDUSTRIES, WHICH FOR HISTORICAL REASONS GREW
UP IN CERTAIN PARTS OF THE COUNTRY - PARTICULARLY CENTRAL
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 038202

SCOTLAND, SOUTH WALES, AND THE NORTH OF ENGLAND - DURING
THE NINETEENTH CENTURY AND THE EARLY PART OF THIS CENTURY,
HAVE BEEN DECLINING FOR MANY YEARS AND THAT IF THESE
REGIONS ARE NOT TO BECOME DERELICT STRONG MEASURES ARE
NEEDED TO STIMULATE THE CREATION OF NEW JOBS TO REPLACE
THOSE WHICH HAVE BEEN, AND ARE STILL BEING, LOST IN THE

OLDER INDUSTRIES. THIS IS A MATTER OF MAJOR SOCIAL, ECONOMIC AND POLITICAL IMPORTANCE TO HMG.

BRITISH REGIONAL INCENTIVES ARE AVAILABLE BROADLY SPEAKING TO ALL MANUFACTURING INDUSTRIES IN THE QUALIFYING AREAS AND TO A LESSER EXTENT TO MINING, CONSTRUCTION AND SERVICE INDUSTRIES AND THEY ARE AVAILABLE TO BRITISH AND FOREIGN-OWNED FIRMS ALIKE. THE INCENTIVES ARE DESIGNED TO OFFSET THE HIGHER COSTS OF LOCATING IN THE ASSISTED AREAS (FOR EXAMPLE, TRANSPORT COSTS, THE COSTS OF SEPARATION FROM FIRMS' EXISTING ESTABLISHMENTS, THE NEED TO TRAIN A NEW LABOUR FORCE WHICH MAY BE UNACCUSTOMED TO WORKING IN THE TECHNOLOGIES CONCERNED). THE BULK OF THE INCENTIVES GO TOWARDS THE COSTS OF NEW CAPITAL INVESTMENT AND ARE NOT CONTINUING AIDS TO PRODUCTION.

HER MAJESTY'S GOVERNMENT HAVE NOTED WITH CONCERN STATEMENTS MADE BY UNITED STATES OFFICIALS WHICH INDICATE THAT ONE OF THE CRITERIA THE UNITED STATES IS LIKELY TO EMPLOY IN DECIDING WHETHER TO COUNTERVAIL ANOTHER COUNTRY'S REGIONAL ASSISTANCE PROGRAMME IS HOW LARGE A PROPORTION

OF THE OUTPUT IS EXPORTED FROM A PLANT WHICH BENEFITS FROM SUCH ASSISTANCE. HER MAJESTY'S GOVERNMENT CONSIDER THIS IRRELEVANT. THEY WISH TO POINT OUT THAT IN VIEW OF THE UNITED KINGDOM'S GREATER DEPENDENCY ON FOREIGN TRADE MOST FIRMS IN THE UNITED KINGDOM EXPORT A FAR LARGER PROPORTION OF THEIR PRODUCTION THAN DO FIRMS IN THE UNITED STATES AND MANY OTHER COUNTRIES.

HER MAJESTY'S GOVERNMENT WISH ALSO TO REMIND THE STATE DEPARTMENT THAT SUCCESSIVE GOVERNMENTS IN BRITAIN HAVE PURSUED POLICIES OF REGIONAL DEVELOPMENT ASSISTANCE SINCE BEFORE THE SECOND WORLD WAR AND ATTACH A VERY GREAT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 038202

IMPORTANCE TO THEM. SIMILAR POLICIES ARE PURSUED BY MOST OTHER WESTERN COUNTRIES INCLUDING THE UNITED STATES. ANY COUNTERVAILING ACTION BY THE UNITED STATES AGAINST BRITISH POLICIES WOULD BE LIKELY TO HAVE REPERCUSSIONS ON TRADING RELATIONS BETWEEN BRITAIN AND THE UNITED STATES. SUCH ACTION WOULD ALSO ENHANCE THE DIFFICULTIES OF REACHING AGREEMENT ON NEW CODES ON EXPORT SUBSIDIES AND COUNTERVAILING DURING THE GATT MULTILATERAL TRADE NEGOTIATIONS.

END TEXT.

3. IN RESPONSE GLITMAN NOTED THAT U.S. COUNTERVAILING

DUTY LAW DOES NOT DISTINGUISH AMONG DOMESTIC ASSISTANCE
PROGRAMS IN TERMS OF EITHER INTENT OR GENERAL TRADING
POSITION OF EXPORTING COUNTRY. GLITMAN ADDED, HOWEVER,

THAT ARGUMENTS PRESENTED HELPED US UNDERSTAND U.K. POSI-
TION AND AGREED THAT PLANNED CALL ON TREASURY DEPUTY
ASSISTANT SECRETARY SUCHMAN LATER SAME DAY TO MAKE SIMILAR
PRESENTATION WOULD BE USEFUL AND TIMELY. KISSINGER

LIMITED OFFICIAL USE

NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE038202
Document Source: CORE
Document Unique ID: 00
Drafter: ECONSTABLE:CLJ/JH
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: D750061-1021
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750284/aaaagqlo.tel
Line Count: 181
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 16 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 APR 2003 by KelleyW0>; APPROVED <19 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 971008; srp 971008
Subject: COUNTERVAILING DUTIES -- FLOAT GLASS, STEEL
TAGS: ETRD, UK, US, EEC
To: LONDON
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006